

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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SENATE BILL 489  
Judiciary Committee Substitute Adopted 4/25/17  
PROPOSED HOUSE COMMITTEE SUBSTITUTE S489-PCS15234-TG-34

Short Title: Clarify Workers' Comp. Policy Cancellation.

(Public)

Sponsors:

Referred to:

March 30, 2017

A BILL TO BE ENTITLED

AN ACT TO CLARIFY WHEN NOTICES OF CANCELLATION OF WORKERS' COMPENSATION POLICIES ARE PRESUMED EFFECTIVE AND COMPLETE AND TO PROVIDE THE PROCEDURE TO BE FOLLOWED WHEN THE DEPUTY OR MEMBER OF THE COMMISSION THAT HEARD THE PARTIES AT ISSUE AND THEIR REPRESENTATIVES AND WITNESSES IS UNABLE TO DECIDE THE CASE AND ISSUE AN AWARD.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 58-36-105(b) reads as rewritten:

"(b) Any cancellation permitted by subsection (a) of this section is not effective unless written notice of cancellation has been given to the insured not less than 15 days before the proposed effective date of cancellation. The notice may be given by registered or certified mail, return receipt requested, to the insured and any other person designated in the policy to receive notice of cancellation at their addresses shown in the policy or, if not indicated in the policy, at their last known addresses. The notice shall state the precise reason for cancellation. Whenever notice of intention to cancel is given by registered or certified mail, no cancellation by the insurer shall be effective unless and until such method is employed and completed. Notice of intent to cancel given by registered or certified mail shall be conclusively presumed completed three days after the notice is sent if, on the same day that the notice is sent by registered or certified mail, the insurer also provides notice by first-class mail and by electronic means if available as defined in G.S. 58-2-255(a) to the insured and any other person designated in the policy to receive notice. Any such supplemental notice given by electronic means shall be effective for the limited purpose of establishing this conclusive presumption. Notice of cancellation, termination, or nonrenewal may also be given by any method permitted for service of process pursuant to Rule 4 of the North Carolina Rules of Civil Procedure. Failure to send this notice, as provided in this section, to any other person designated in the policy to receive notice of cancellation invalidates the cancellation only as to that other person's interest."

**SECTION 2.** G.S. 58-2-255(b) reads as rewritten:

"(b) When any insurance law of this State, ~~except for cancellation, termination, or nonrenewal of workers' compensation policies pursuant to G.S. 58-36-105(b),~~ State requires a communication to be provided to a party in writing, signed by a party, provided by means of a specific delivery method, or retained by an insurer, those requirements are satisfied if the insurer complies with Article 40 of Chapter 66 of the General Statutes."



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1           **SECTION 3.** G.S. 97-84 reads as rewritten:

2   "**§ 97-84. Determination of disputes by Commission or deputy.**

3       The Commission or any of its members or deputies shall hear the parties at issue and their  
4   representatives and witnesses, and shall determine the dispute in a summary manner. The  
5   ~~Commission shall decide the case~~ shall be decided and ~~issue~~-findings of fact issued based upon  
6   the preponderance of the evidence in view of the entire record. The award, together with a  
7   statement of the findings of fact, rulings of law, and other matters pertinent to the questions at  
8   issue shall be filed with the record of the proceedings, within 180 days of the close of the  
9   hearing record unless time is extended for good cause by the Commission, and a copy of the  
10   award shall immediately be sent to the parties in dispute. ~~The parties may be heard by a deputy,~~  
11   ~~in which event the hearing shall be conducted in the same way and manner prescribed for~~  
12   ~~hearings which are conducted by a member of the Industrial Commission, and said deputy shall~~  
13   ~~proceed to a complete determination of the matters in dispute, file his written opinion within~~  
14   ~~180 days of the close of the hearing record unless time is extended for good cause by the~~  
15   ~~Commission, and the deputy shall cause to be issued an award pursuant to such determination.~~  
16   If the deputy or member of the Commission that heard the parties at issue and their  
17   representatives and witnesses is unable to determine the matters in dispute and issue an award,  
18   the Commission may assign another deputy or member to decide the case and issue an award."

19           **SECTION 4.** Notwithstanding G.S. 97-31.1, Section 3 of this act is effective when  
20   it becomes law and applies to claims pending on or after the effective date of this act. The  
21   remainder of this act is effective when it becomes law and applies to notices of cancellation of  
22   workers' compensation policies sent on or after that date.